MATH 1342

Section 5.3

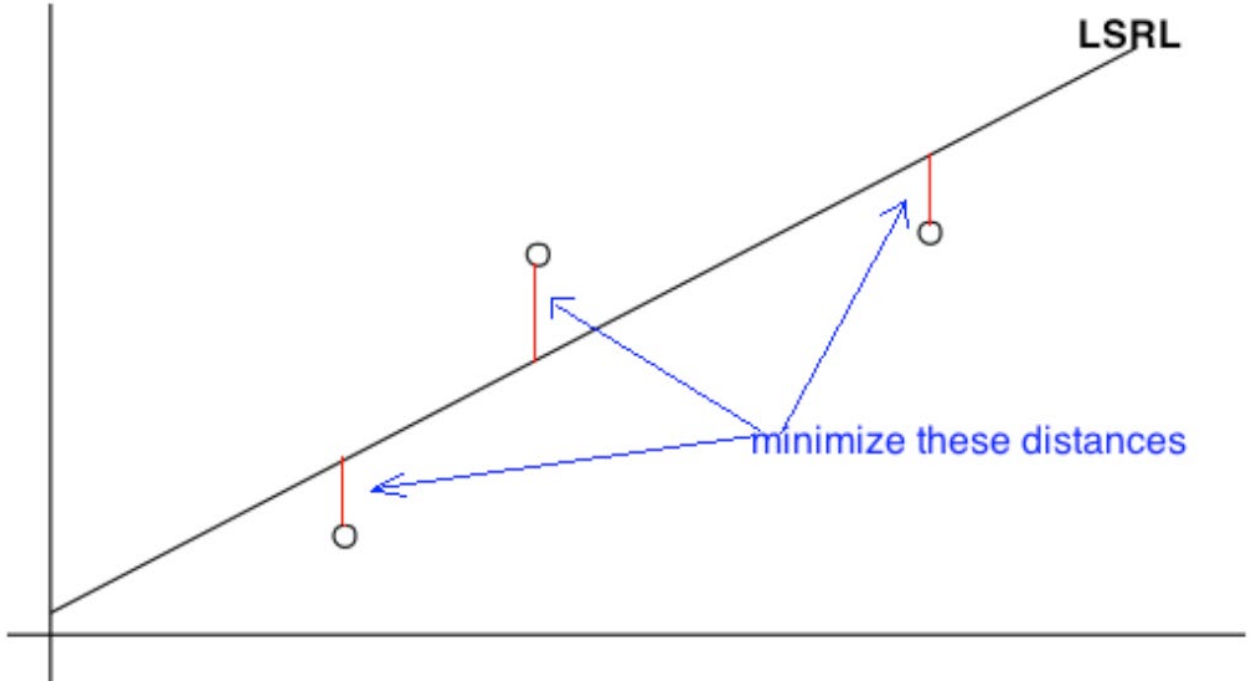
Regression Lines

A **regression line** is a line that describes the relationship between the explanatory variable *x* and the response variable *y*.

Regression lines can be used to predict a value for *y* given a value of *x*.

Least Squares Regression Lines (LSRL)

The **least squares regression line** (or LSRL) is a mathematical model used to represent data that has a linear relationship. We want a regression line that makes the vertical distances of the points in a scatter plot from the line as small as possible.



Note: To calculate this by hand, you are going to use optimization techniques from Calculus to minimize the distance between a point (x,y) from your scatter plot, and the line, y = mx + b by minimizing the distance formula:

$$d = \sqrt{(x_2 - x_1)^2 + (y_2 - y_1)^2}$$

Calculating a Least Squares Regression Line

The least squares regression line formula is $\hat{y} = a + bx$

The slope, b is calculated using $b = r\left(\frac{s_y}{s_x}\right)$ and the y-intercept is $a = \bar{y} - b\bar{x}$.

To calculate the values of a and b for the regression line

with R-Studio, we use the command lm(y ~ x)

Example:

Using the Monopoly Problem, Calculate the Regression Line:

regline=lm(cost~spaces)

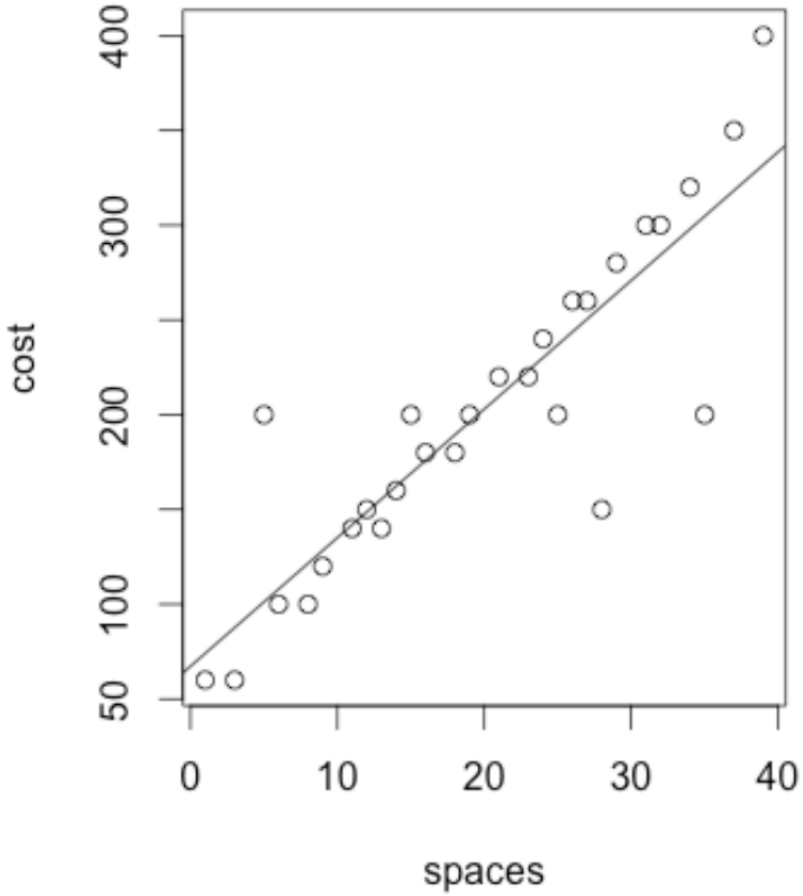
regline

<<This will give you the information about the linear equation>>

Viewing the Scatterplot and the Regression Line

Note that I assigned a name to the lm command, this is not required unless you wish to use it again. We will use it again to plot the regression line on top of the scatterplot. The command is abline.

> abline(regline)



Making Predictions:

The LSRL can be used to predict values of *y* given values of *x*.

Let's use our model to predict the cost of a property 50 spaces from GO

We need to be careful when predicting. When we are estimating *y* based on values of *x* that are much larger or much smaller than the rest of the data, this is called **extrapolation.**

Interpreting the Slope

Notice that the formula for slope is $b = r\left(\frac{s_y}{s_x}\right)$

this means that a change in one standard deviation in *x* corresponds to a change of *r* standard deviations in *y*. This means that on average, for each unit increase in *x*, then is an increase (or decrease if slope is negative) of $|b|$ units in *y*.

Interpret the meaning of the slope for the Monopoly example

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Interpret the meaning of the slope for the Monopoly example:

For every increase of 1 space from go, there is an increase of $6.79 of cost.

Coefficient of Determination

The square of the correlation (r), r^2 is called the **coefficient of determination.** It is the fraction of the variation in the values of y that is explained by the regression line and the explanatory variable.

When asked to interpret r^2 we say, "approximately r^2 *100% of the variation in y is explained by the LSRL of y on x."

This tells how accurate the measurement is based on the regression line.

Facts about the coefficient of determination:

1. The coefficient of determination is obtained by squaring the value of the correlation coefficient.

2. The symbol used is r^2

3. Note that $0 \leq r^2 \leq 1$

4. r^2 values close to 1 would imply that the model is explaining most of the variation in the dependent variable and *may be a very useful model.*

5. r^2 values close to 0 would imply that the model is explaining little of the variation in the dependent variable and *may not be a useful model.*

Interpret r^2 for the Monopoly problem

The following 9 observations compare the Quetelet index, x (a measure of body build) and dietary energy density, y.

x	221	228	223	211	231	215	224	233	268
y	.67	.86	.78	.54	.91	.44	.9	.94	.93

Compute the LSRL

Find the Correlation Coefficient

Find the coefficient of determination

Interpretation of the slope

Interpretation of the coefficient of determination